

**FARISH STREET
HISTORIC DISTRICT
LOAN PROGRAM**

GUIDELINES

The Farish Street Historic District Loan Program ("FSLP"), administered by the Mississippi Development Authority ("MDA"), is designed to make grants available to the Central Mississippi Planning and Development District ("CMPDD") for the purpose of making low interest loans to persons or entities to develop certain property in the Farish Street Historic District ("District").

ELIGIBILITY

To be eligible for funding under the program, a person or entity must submit an application provided by the Mississippi Department of Archives and History ("MDAH") along with plans for the proposed project to MDAH for review. MDAH must determine that the proposed project conforms to the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. MDAH shall also obtain a positive opinion regarding the proposed project from the Farish Street Neighborhood Historic District Foundation ("the Foundation"). Upon approval of a project ("the Project"), MDAH shall notify CMPDD of its approval in writing.

LOAN CRITERIA

FSLP proceeds are limited to the development of commercial and culturally significant property located in the District, to include new building construction and/or the rehabilitation of historic buildings. The proceeds of the loan may be used to pay costs incurred by such person or entities for acquisition; construction; demolition; design, engineering, architectural, consulting and other services; and other costs approved by the Mississippi Development Authority (MDA). Loan proceeds may not be used for the purchase of land or buildings unless a specific project is planned on that property.

FSLP funds may be used to finance up to 90% of the total costs associated with the Project. The borrower must inject a minimum of 10% equity into the Project in the form of cash or tangible assets, which may be used to cover ineligible project costs.

The interest rate to be charged is one-percent (1%) below the Federal Reserve Discount Rate. Should interest rates change from the date of loan commitment from CMPDD to the date of closing, the interest rate quoted in the commitment will prevail.

The maximum repayment term for a loan cannot exceed 20 years and is based on the loan amount and the projected revenues from the investment property or cash flow of the business. If property is being leased, the term of the loan cannot exceed the term of the lease.

Personal and/or corporate guaranties will be required as deemed appropriate by the CMPDD and MDA.

Applicants must be creditworthy and demonstrate the ability to repay the loan. Applicants must be in compliance with all state and federal regulatory agencies and must not be in default on any previous debt or obligation to the State or Federal Government.

FSLP loans are not available under the following circumstances:

- To pay off existing debt for consolidation purposes;
- If the direct or indirect purpose or result would be to pay off creditors of applicants who are inadequately secured or in a position to sustain a loss;
- If the assistance would, directly or indirectly, provide or replenish funds for payment, distribution, or as a loan to owners, partners, or stockholders of the applicant and would not change the ownership interest of the business;
- A charitable institution or nonprofit enterprise;
- A newspaper, magazine, radio, television broadcasting company, or similar enterprise through which editorial opinions are expressed; or
- Entities engaged in the business of lending, directly or indirectly.

The FSLP is designed to provide permanent financing and may not be used for interim financing of building construction and/or rehabilitation of commercial property.

APPLICATION PROCESS

An individual or business interested in applying for a loan should first contact the City of Jackson (“the City”) Department of Planning and Development. The City will provide coordination between the applicant, MDAH, and the Foundation. An opinion regarding the Project shall be rendered by the Foundation and provided to MDAH.

Upon notification of MDAH's approval, CMPDD shall meet with the prospective borrower to review the Project. If the Project meets the program guidelines and the proposal appears to be economically feasible, a Financial Application will be provided for completion.

A completed Financial Application, with the required attachments, must be submitted to CMPDD for consideration. The CMPDD Board of Directors will review and approve or reject the Project. For projects approved by CMPDD, the application and supporting documentation will be submitted to MDA for final review.

The following information must be furnished with a completed Financial Application:

- Description of the proposed project to include its intended use after completion (i.e. lease, sublease or occupy)
- Projected budget for rehabilitation or construction and cost estimates to substantiate uses of funds
- If borrower is to occupy the property:
 - Copy of lease, if applicable
 - Business plan to include projected balance sheets, income statements, and cashflow statements for two (2) years.
- If borrower will be leasing the property:
 - Copy of the lease and any sub-lease(s)
 - Projected cash flow statements of leased property for the two (2) year period after project completion
 - Personal financial statement of lessee/sub-lessee and financial statements of any affiliated businesses of same
 - Business plan of lessee/sub-lessee to include projected balance sheets, income statements and cash flow statements for a two (2) year period
- Balance sheets and income statements of any affiliated businesses of the borrower (through ownership or management control) for the past two (2) years
- Current personal financial statement for each applicant or for corporate borrowers, each principal with 20% or more ownership

Upon approval by MDA and CMPDD, a commitment letter will be issued to the applicant. FSLP loan proceeds will be disbursed upon project completion.

LOAN SERVICING

CMPDD will close and service all loans. Borrowers will be required to make monthly payments of principal and interest, based upon an amortization schedule provided by CMPDD. On the 15th day of each month, CMPDD shall remit a check to MDA, for all principal loan payments made during the month, along with an itemized breakdown of each payment. Interest received in the form of repayments and investment interest earned may be retained by CMPDD to cover administrative costs.

After a loan closes, CMPDD shall provide evidence to MDA that all collateral and security documents have been filed and perfected, including, but not limited to, adequate hazard insurance, life insurance on the borrower(s) and other insurance such as general liability coverage.

CMPDD shall adopt and follow a prudent collection schedule. In the event of a default, CMPDD shall take all necessary and appropriate actions to recover the principal and interest due including enforcing personal guaranties. All defaulted loans shall be reported to appropriate credit bureau(s).

REPORTING REQUIREMENTS

CMPDD will be required to file a status report with MDA semiannually. These reports will reflect information as of the last day of each semiannual period and will be due by June 15 and December 15 of each year.

WAIVER

These guidelines may be amended by MDA at any time. MDA, in its discretion, may temporarily waive any requirement of the guidelines to the extent that the result of such waiver is to promote the public purpose of the Act and is not prohibited by State law.

CONTACT INFORMATION

Information and inquiries concerning the program should be made to the following:

**Central Mississippi Planning and Development District
1170 Lakeland Drive
Post Office Box 4935
Jackson, MS 39296-4935
Telephone: 601-981-1511
Fax: 601-981-1515
Larry Anderson**

or

**Mississippi Development Authority
Farish Street Loan Program
Financial Resources Division
Post Office Box 849
Jackson, MS 39205
Telephone: 601-359-3552
Fax: 601-359-3619
Donnie Moncure**